

SENATE BILL 17
By McNally

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 64, relative to real property tax deferral.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

WHEREAS, There is a need to promote rehabilitation of older residential neighborhoods and to preserve the diversity of housing stock and historic value of communities; and

WHEREAS, Local governments need flexibility to encourage rehabilitation of older homes and neighborhoods through property tax deferral; now, therefore,

SECTION 1. Tennessee Code Annotated, Title 7, Chapter 64, is amended by adding the following as a new, appropriately designated part:

§ 7-64-301. The legislative body of any county or municipality may provide by resolution for the deferral of payment of real property taxes on the increase in value of a residential property due to renovation of the original structure of the dwelling. The residential improvement for which deferral of payment may be made shall have been constructed fifty (50) years or more prior to the date of the application for deferral. The resolution shall establish an application process for the deferral. The resolution shall also specify the manner in which collection of such taxes shall be deferred including, but not limited to, the length of time for which collection shall be deferred and the interest

rate that shall be imposed on the taxes for which collection is deferred. No resolution shall be adopted pursuant to this part that does not require a reasonable rate of interest to be imposed on the deferred taxes.

§ 7-64-302.

(a) Whenever a deferral of collection of real property taxes is granted on the increased value resulting from renovation of the original structure of a residential property, assessment of such taxes shall continue on an annual basis; however, they shall not become due and payable until the deferral is terminated. All taxes on the difference of the total value of the property and the increase in value due to renovation are due and payable in the same manner as other property taxes in the taxing jurisdiction.

(b) The unpaid balance of assessed real property taxes shall constitute a lien against such property, and shall be subject to interest at the rate specified by the resolution of the legislative body of the county or municipality granting the deferral. Such accrued taxes and such interest shall be a lien of the first priority on the property in the particular local government. Such lien shall remain in effect until the taxes and interest are paid.

(c) Any tax deferral created pursuant to this part shall not be subject to the statutory penalties imposed on delinquent taxes, and the lien created in the local government shall not be subject to any applicable statute of limitation.

§ 7-64-303.

(a) Deferrals on payment of real property taxes granted under the terms of this part shall be terminated:

(1) Upon the termination of the period of deferral specified in the resolution of the legislative body of the county or municipality granting the deferral;

(2) When the residential property is sold or otherwise transferred;

or

(3) When the property ceases to be subclassified as residential property.

(b) When termination occurs as a result of the sale or transfer of the property or the property ceasing to be subclassified residential, all unpaid taxes and interest thereon shall become due and payable within sixty (60) days. A deed for such property shall not be accepted for recordation in the office of the county register of deeds until all taxes and interest have been paid.

§ 7-64-304. An owner of residential property that lies in more than one (1) taxing jurisdiction shall apply for deferral in each jurisdiction that has provided for deferral of payment of taxes pursuant to this part. Approval for deferral of payment by one jurisdiction does not establish deferral of payment in another jurisdiction.

SECTION 2. This act shall take effect January 1, 2004, the public welfare requiring it.